

Message Text

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ACTION AF-06

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FM AMEMBASSY NOUAKCHOTT

TO SECSTATE WASHDC 3980

AMEMBASSY PARIS

C O N F I D E N T I A L NOUAKCHOTT 1241

E.O. 11652: GDN

HAGS: EINV ZIN MR FR

SUBJECT: OFFICIAL CONFIRMATION OF GIRM DESIRE TO SETTLE BIMA
DISPUTE

REF: NOUAKCHOTT 1105

1. AMHAD OULD DADDAH, GOVERNOR OF MOURITANIAN CENTRAL BANK
(AND HALF BROTHER OF PRESIDENT) OFFICIALLY CONFIRMED GIRM'S
DESIRE TO NEGOTIATE SETTLEMENT OF BIAO/BIMA DISPUTE JUNE 16.

2. OULD DADDAH TOOK OCCASION OF AMBASSADOR'S INITIAL
COURTESY CALL TO RECITE DETAILED HISTORY OF GIRM-BIAO/BIMA
DISPUTE, EXPLICITLY ACKNOWLEDGING IN PROCESS THAT IT WAS
GIRM'S "VERSION". THREAD RUNNING THROUGHOUT ACCOUNT WAS
VIRTUALLY UNRELIEVED SOURNESS OF MAURITANIA'S RELATIONS
WITH FRENCH EXECUTIVES OF BIAO/BIMA. GOVERNOR, HOWEVER,
STOPPED JUST SHORT OF SAYING GIRM WOULD NOT NEGOTIATE
WITH FRENCH SHAREHOLDERS.

3. GOVERNOR REPORTED THAT CONTINUING DISPUTE HAS BEGUN
TO UNDERMINE FINANCIAL HEALTH OF BIMA, NOTINSTHAT
DEPOSITORS HAVE BEGUN TO WITHDRAW THEIR FUNDS AND HAT
CREDITORS HAVE STARTED TO DELAY OR REFUSE PAYMENT OF
OUTSTANDING OBLIGATIONS, CONFIDENT THAT BIMA IS POWERLESS
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TO FORCE COLLECTION. OULD DADDAH DECLARED CENTRAL BANK

HAS APPROACHED PROSECUTOR ON SEVERAL OCCASIONS TO URGE RAPID PURSUIT AND ADJUDICATION OF LEGAL ACTION, EVEN IF FINAL DECISION GOES AGAINST CENTRAL BANK, BECAUSE OF ADVERSE IMPACT PROLONGATION OF DISPUTE IS HAVING ON ENTIRE BANKING SECTION.

4. OULD DADDAH GAVE NO INDICATION OF SHAPE OR TERMS OF SETTLEMENT GIRM HAS IN MIND. HE DID INDICATE, HOWEVER, THAT CENTRAL BANK WOULD BE FORCED TO INSIST ON FORMAL FINDING AGAINST BIMA FOR VIOLATIONS OF FOREIGN EXCHANGE REGULATIONS AND IMPOSITION OF FINE. HE EXPLAINED THIS DISCIPLINARY ACTION WAS REGARDED AS ABSOLUTELY ESSENTIAL TO ASSERT AND HENDERS CORE CENTRAL BANK'S RIGHT AND RESPONSIBILITY FOR SUPERVISION AND POLICING OF MAURITANIAN BANKING COMMUNITY. OULD DADDAH NOTED IN FACT THAT EQUIVALENT FOREIGN EXCHANGE VIOLATIONS WOULD HAVE PROMPTED MANY CENTRAL BANKS, INCLUDING SPECIFICALLY BANQUE DE FRANCE, TO CLOSE THE OFFENDING COMMERCIAL BANK. BUT HE QUICKLY ADDED THAT FINE WOULD BE MODEST AND SET AT ABSOLUTE MINIMUM REQUIRED BY LAW AND REGULATION. 5. PARIS: PLEASE BRIEF DAVID MCGOVERN OF SHERMAN AND STERLING AND TIM WOOD OF FIRST NATIONAL CITY. HANDYSIDE

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